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May 29, 2003

## VIA FAX, EMAIL AND U.S. MAIL

Mr. Bryant L. VanBrakle, Secretary  
Federal Maritime Commission  
800 North Capitol Street, N.W.  
Room 1046  
Washington, D.C. 20573-0001

Re: FMC Dkt 02-15, Passenger Vessel Financial Responsibility;  
Comments of Crystal Cruises, Inc.

Dear Mr. VanBrakle:

Crystal Cruises, Inc. ("Crystal"), respectfully submits the following brief comments in response to the Commission's Notice of Proposed Rulemaking ("NPRM") inviting comments on proposed changes to the passenger vessel financial responsibility regulations, 46 C.F.R. Part 540 (FMC Dkt 02-15; 67 Fed. Reg. 66352, 10/31/02).

Crystal supports the Commission's stated goal to enhance consumer protection of cruise passengers. It is important that cruise passengers know when they book a cruise that they can be confident that the cruise fare they pay will be refunded if the cruise line does not perform a scheduled cruise. Passengers must be protected from inadequately capitalized cruise operators which collect money, do not perform, and are not able to give refunds. Most cruise lines, such as Crystal, if (as is rarely the case) they are unable to perform as a result of a force majeure or other unforeseeable event, not only give full refunds, but also provide additional credits and concessions to make up for any inconvenience and disappointment experienced by a passenger. It is important to Crystal that the passenger be treated impeccably, and it is essential for the health of the cruise industry that cruise lines perform their obligations. With few exceptions, cruise lines do so.

Crystal supports the continuation of the consumer protection which has long been afforded under the Commission's Section 3 program. Crystal would support some modest



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increase in the ceiling, phased in over a reasonable period of time, giving note to intervening changes in the Consumer Price Index to which the Commission looked in both 1980 and 1990 in increasing the ceiling amount. Crystal does not, however, believe that the proposal to eliminate the ceiling on the amount of Unearned Passenger Revenue ("UPR") coverage is warranted or would redound to the benefit of cruise passengers. The risk to passengers from nonperformance by one of the major cruise lines is virtually non-existent. The Commission has through the years studied its policy with respect to the maintenance of such a ceiling, and in 1991-92 expressly determined to maintain the ceiling. There has been no change in circumstances warranting the proposed substantial policy change since then. To the contrary, the cruise industry today is the strongest it has even been.

While there are other particulars which Crystal understands the Commission is considering, which will no doubt be discussed with all stakeholders, including representatives of the cruise industry, Crystal will not take the time of the Commission to address these in this brief letter. Crystal is, however, aware of the NPRM's proposed mandatory alternative dispute Resolution ("ADR") process, and is concerned. To the extent that the ADR proposal is directed at other than true nonperformance claims, the proposal exceeds the Commission's jurisdiction and threatens to disrupt well established and effective commercial and legal avenues to resolve such issues. There would seem to be no basis for the Commission to establish an ADR procedure or venue. This would seem to be a costly effort which would not benefit the consumer, which the Commission would seek to protect.

Crystal understands that other cruise lines may provide detailed analyses and positions with respect to the NPRM, and, again, Crystal is certain that there will be an opportunity for industry representatives and others to be heard at appropriate times in the process. With the exception of some possible gradual increase in the UPR coverage ceiling, Crystal does not believe that the proposed changes are necessary or would benefit the passenger consumer with whose interests the cruise industry, as well as the Commission, are concerned.

Respectfully submitted.

Very truly yours,

Ann G. Miller  
Counsel for Crystal Cruises, Inc.

cc: Dale Gordon, Senior Vice President of Finance  
Crystal Cruises